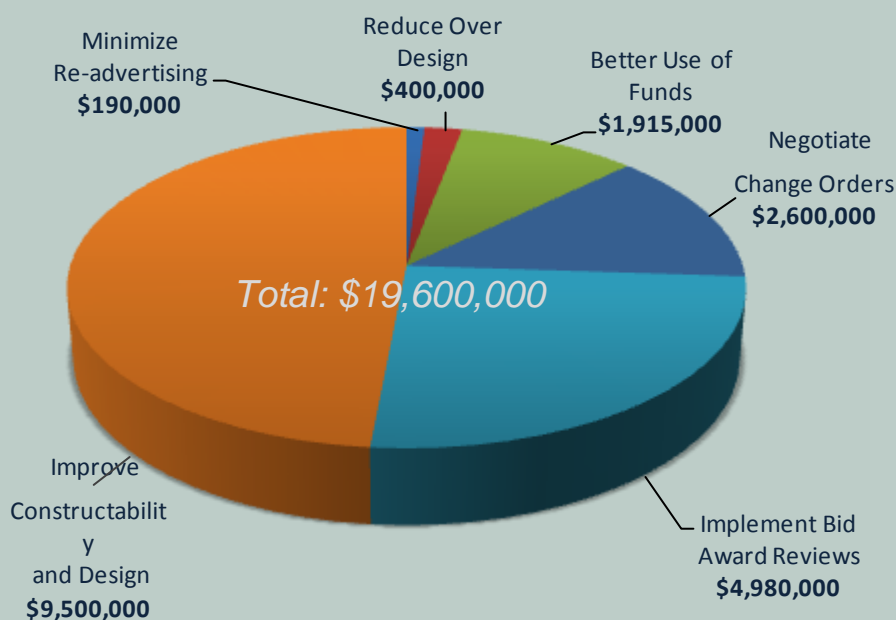## *Estimator's Corner*

NEWSLETTER

December 2011

Project cost estimating data provided by the
Utah Department of Transportation, Central Preconstruction

Outlook Through February

UDOT project advertising will slow down dramatically. Expect competitive bids (especially for larger projects) on the next wave of projects. This next wave is part of a shrinking program and contractors will need to fill backlog for next year. Contractors will continue to bid projects consistently below fair market value with a significant down slope in funding.
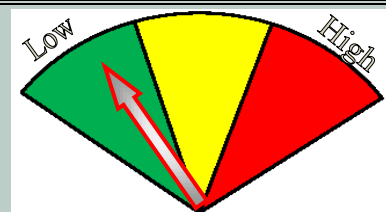
Yearly Benefits of a Consistent Cost Based Estimating Process

Minimize Re-advertising **$190,000**

Reduce Over Design **$400,000**

Better Use of Funds **$1,915,000**

Negotiate Change Orders **$2,600,000**

Total: $19,600,000

Improve Constructability and Design **$9,500,000**

Implement Bid Award Reviews **$4,980,000**

Note: Benefits are based on UDOT's 2011 design-bid-build program and represent a combination of actual and projected values.

A consistent cost based estimating process enhances the superb work done by the region Pre-Construction and Construction teams

- Helps project delivery run even more smoothly and efficiently leading to enhanced program management.
- Reduces change orders by first, identifying and reducing risk during design and second, by identifying potentially harmful bids through award reviews at bid opening.
- Reduces costs of actual change orders through better information, tools, and support to empower Resident Engineers to negotiate better prices.

Prices through February

❖ **Recommended mobilization:**
  - **4 - 7 percent for larger projects**
  - **7 – 10 percent for small projects (less than $1,000,000), remote, or complicated projects**

❖ **Recommended traffic control:**
  - **Urban Projects: 4 – 6 percent**
  - **Rural Projects: 3 – 5 percent**

❖ **UDOT's current estimating challenge: accuracy and awardability**

❖ **Average low bid of engineer's estimate: 89 percent so far in 2011**

❖ **Estimates below 110 percent of low bid: 88 percent (goal 95 percent) so far in 2011**

❖ **Estimates within 10 percent of low bid (goal 50 percent):**
  - **37 percent so far in 2011**
  - **40 percent since June 2011**

More Information and graphs of current economic conditions at:
http://www.udot.utah.gov/main/uconowner.gf?n=9804510256831458